

July 12, 2011

A regular meeting of the Council of the City of Bedford, Virginia, was held in the Council Hall of the Municipal Building at 7:00 p.m., July 12, 2011.

Members present: Mayor W. D. Tharp; Councilwoman Mary L. Flood; Councilman Guy E. Murray, Jr.; Councilman Steve C. Rush; Councilman C. G. Stanley, Jr.; Councilman James A. Vest; and Vice Mayor Robert T. Wandrei

Members absent: None

Staff present: City Manager Charles P. Kolakowski; City Attorney W. W. Berry, IV; and Clerk of the Council Teresa W. Hatcher.

Mayor Tharp opened the meeting and led all present in saying the Pledge of Allegiance to the Flag.

Mayor Tharp declared that the minutes of an adjourned Council meeting held on June 28, 2011, and the minutes of a regular Council meeting held on June 28, 2011, were approved as distributed.

City Manager Kolakowski reported on the following:

- On July 13 he will be meeting with a group of people who are doing a Friendship Tour on bicycles from New Jersey to California – the group is riding to make awareness of children with special needs and to raise funds
- Bedford will be sponsoring the “National Night Out” event for the second year at the Bedford Farmer’s Market on August 2 from 7:00 p.m. until 10:00 p.m. Bedford received the “Rookie of the Year” national award for the event held last year.
- Asked Mayor Tharp to issue a proclamation to honor the local Boy Scouts who did a nice job of displaying the American Flag on the 4th of July along Longwood Avenue

The Consent Agenda consisted of the following items:

- Appointment of John Owen to serve on the Joint City/County /Economic Development Authority, said term to expire February 1, 2014
- Appointment of Vicki Esposito to serve on the Keep Bedford Beautiful Commission, said term to expire June 30, 2014

On motion by Councilman Rush, seconded by Councilman Vest, voted upon and carried by a roll call vote, Council approved the Consent Agenda. Roll call vote follows:

Councilwoman Flood	aye
Councilman Murray	aye
Councilman Rush	aye
Councilman Stanley	aye
Councilman Vest	aye

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Vice Mayor Wandrei	aye
Mayor Tharp	aye

The City Manager reported that the City is working towards adopting policies to guide the operations of financial matters for the City. The first policy that has been developed is an investment policy. The Director of Finance and City Treasurer worked to develop a policy for adoption by the City. This policy will set out specific criteria for all investments handled by the City. Mr. Kolakowski said that Council was requested to adopt the proposed Investment Policy to be effective as of August 1, 2011.

On motion by Councilman Murray, seconded by Councilman Stanley, voted upon and carried unanimously by a roll call vote, Council adopted the proposed Investment Policy to be effective August 1, 2011. Roll call vote follows:

Councilman Murray	aye
Councilman Rush	aye
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Mayor Tharp	aye

The Investment Policy follows as adopted:

CITY OF BEDFORD OPERATING POLICY MANUAL

Chapter: Finance

INVESTMENTS

Section 1. PURPOSE

This policy is to document the investment strategy objectives of the City of Bedford ("City") and define the allowable investments and restrictions that must be followed by the City.

Section 2. POLICY

A. In recognition of its fiduciary role in the management of all City funds entrusted to its care, it shall be the policy of the City Council that all funds be invested with the care, skill, prudence, and diligence to ensure that sound investments are made to protect the City's financial position and provide for ample returns on the investments.

B. It is the responsibility of the City Treasurer to manage the investment program of the City such that the City meets or exceeds all statutes and guidelines governing the deposit and investment of public funds in Virginia, including the Investment Code of Virginia and the guidelines established by the State Treasury Board and the Governmental Accounting Standards Board (GASB). In addition, the City will comply with all provisions relating to investments and deposits included in any Bond Indenture, Financing Agreement, or similar document.

Section 3. OBJECTIVES

A. The primary objectives of the investment strategy, listed in priority order, shall be as follows:

1. **Safety** – safety of principal is the foremost objective of the investment program.
2. **Liquidity** – the investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
3. **Yield (Return on Investment)** – the investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

Section 4. ALLOWABLE INVESTMENTS

A. The following investment types are approved for use by the City Council and the Treasurer in the investment of public funds, provided that the provisions of any Bond Indenture, Financing Agreement, or similar document are also satisfied:

1. U.S. Treasury Bills, Notes, Bonds, and other direct obligations of the United States Government.
2. U.S. Government agencies and instrumentality obligations that have a liquid market with a readily determinable market value.
3. Certificates of deposit or other deposits of financial institutions located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized as provided by the Virginia Security for Public Deposits Act.
4. U.S. dollar denominated Banker's acceptances issued by a domestic bank, provided, however, that such financial institutions and state chartered banks are rated by Moody's Investor Services as P-1 or better and by Standard & Poor's as A-1 or better.
5. Taxable obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA" or equivalent by Moody's and/or Standard & Poor's.
6. Repurchase agreements executed through Federal Reserve Member banks or Primary Dealers in U.S. Government Securities and collateralized by Treasury or Agency obligations, the market value of which is at least 102% of the purchase price of the repurchase agreement.
7. The Commonwealth of Virginia Treasury Department's Local Government Investment Pool ("LGIP") and the Virginia State Non-Arbitrage Program.

Section 5. DEPOSITS

All City deposits must be insured under the Federal Deposit Insurance Corporation (FDIC) or collateralized under the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the Code of Virginia.

Section 6. MATURITY RESTRICTIONS

A. It is recognized that, prior to maturity date, the market value of securities in the City's portfolio may fluctuate due to changes in market conditions. In accordance with the City's primary investment objectives of liquidity and preservation of principal, every

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effort should be made to manage investment maturities to precede or coincide with the expected need for funds.

B. Accordingly, the requirements established by the Code of Virginia and State Treasury Board guidelines are further restricted as follows:

1. Funds shall be invested at all times in keeping with the seasonal pattern of the City's cash balances, as well as any other special factors or needs, in order to assure the availability of funds on a timely and liquid basis. Cash flow projections will be monitored and updated on an ongoing basis by the Treasurer and Director of Finance and communicated on an as needed basis to City Council.
2. The portfolio must be invested in securities maturing within five (5) years. If an investment may be redeemed by the City, or by a Trustee on behalf of the City, for its intended purpose without penalty within five (5) years, such investment shall be deemed in compliance with this maturity restriction.
3. Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds.

Section 7. PROHIBITED SECURITIES

Any security not specifically authorized in this Investments policy is expressly prohibited.

Section 8. ADDITIONAL REQUIREMENTS

A. All securities purchased for the City shall be held by the City's Treasurer or by a custodian. If held by a custodian, the securities must be in the City's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the City. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer, issuer or seller) to the transaction. This requirement does not apply to excess checking account funds invested overnight in a bank "sweep" repurchase agreement or similar vehicle authorized under this policy.

B. It is the City's policy to require dual approvals for any cash transfers. The individuals authorized to approve the transfer of funds or otherwise conduct investment transactions shall be the Assistant City Manager and the Treasurer. In the absence of the Assistant City Manager, the second approval will be from the City Manager. Any change in these positions shall be explicitly approved by the City Council of the City.

C. City Council must approve any modifications to this Investment policy.

Section 9. REVISIONS

A. This policy was approved and adopted by the City Council on July 12, 2011.

On motion by Councilman Murray, seconded by Councilman Stanley, voted upon and carried unanimously, the meeting was adjourned at 7:05 p.m.